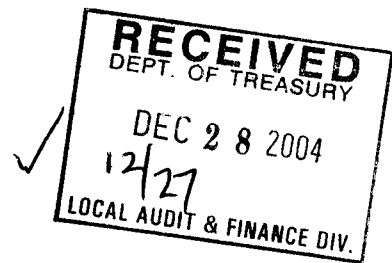


75-1160

White Pigeon Township  
St. Joseph County, Michigan

Financial Statements

June 30, 2004



## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name White Pigeon Township	County St. Joseph
Audit Date 6/30/04	Opinion Date 10/27/04	Date Accountant Report Submitted to State: 12/27/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

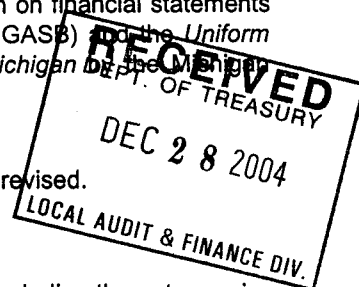
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). *Component Unit Only - Library*
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Shirley J. Jones, CPA, PC DBA Jones' CPA Office			
Street Address 100 S. Washington St.	City Constantine	State MI	ZIP 49042
Accountant Signature Shirley J. Jones			



WHITE PIGEON TOWNSHIP  
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◆◆◆  
INDEPENDENT AUDITOR'S REPORT

White Pigeon Township Board  
St. Joseph County, Michigan

We have audited the accompanying general purpose financial statements of White Pigeon Township, St. Joseph County, Michigan, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of White Pigeon Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of White Pigeon Township, St. Joseph County, Michigan, as of June 30, 2004, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and local Governments*.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 14 through 16, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

  
Jones' CPA Office

Constantine, Michigan  
October 27, 2004

## White Pigeon Township Management's Discussion and Analysis

As the White Pigeon Township Board, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Township for the year ended June 30, 2004. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. Please consider the information presented here in conjunction with the financial statements and notes that follow.

### Overview of the Financial Statements

The Township's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains budgetary schedules as part of the required supplementary information.

The government-wide financial statements provide a broad view of the Township's operations. These are prepared using the economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods used by most businesses. All revenues and expenses are accounted for within the fiscal year, even if the cash involved has not been received or paid. The government-wide financial statements include two statements. The statement of net assets reports all of the Township's assets and liabilities, with the difference between the two reported as "net assets". Increases or decreases in net assets may help determine if the Township's financial position is improving or deteriorating. The statement of activities presents information that shows how the net assets changed during the most recent year.

The governmental funds financial statements report the Township's operations in more detail. These are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The governmental fund financial statements provide a short-term view of the finances that help to determine whether there will be sufficient resources available to meet the current needs of the Township.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help with this comparison.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found on pages 19 through 23. The budgetary statements are required supplementary information.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of financial position. The Township's net assets totaled \$1,029,460 at June 30, 2004. A portion of the Township's net assets (62.5%) is its investment in fixed assets, net of depreciation. Keep in mind that these assets are used to provide township services to the public, consequently these assets are not available for future spending. Furthermore, a portion of the Township's net assets (1%) represents resources that are subject to restrictions on how they may be used. The remaining balance of unrestricted net assets (36.5% or \$376,011) may be used to meet ongoing obligations to citizens. Since this is the first year of implementation of Government Accounting Standards Board Statement No. 34, which requires this new reporting model, the following tables present only current year data. In future years, when prior-year information is available, comparative analysis of government-wide data will be presented.

#### White Pigeon Township's Net Assets

	June 30, 2004
Current assets	\$392,364
Capital assets	785,941
Total assets	1,178,305
Less:	
Current liabilities	(6,556)
Non-current liabilities	(142,289)
Total liabilities	(148,845)
Invested in capital, net of debt	643,652
Restricted	9,797
Unrestricted	376,011
Total net assets	\$1,029,460

Approximately 61% of the Township's total general revenue (\$540,990) came from property taxes and tax collection fees. The next largest source of general income (27.5%) was from state revenue sharing. The largest expenditure was "Other", which accounted for about 32% of the total expenditures. This category includes the rent payment to the Building Authority of \$171,673, payroll taxes of \$7,578, insurance of \$13,964, and the trailer park tax paid to the county of \$3,428. The general government expenditures are reported in more detail in the statement of Revenues, Expenditures, and Changes in Fund Balance on page 9 and the Detailed Statement of Expenditures - General Fund, on pages 19-21.

#### White Pigeon Township's Statement of Activities

Charges for services	\$40,373
General revenues:	
Property taxes	285,607
Tax collection fee	43,679
State revenue sharing	149,035
Interest	6,627
Permits, fees, fines	22,426
Reimbursements	5,008
Miscellaneous	18,923
Cemetery lot sales	9,685
Total revenues	<u>540,990</u>
Expenses:	
General government	180,593
Public safety	134,711
Public works	22,432
Health and welfare	46,529
Recreation and culture	8,397
Other	196,643
Community development	7,776
Interest	19,625
Total expenditures	<u>616,706</u>
Change in net assets	(35,343)
Beginning net assets	<u>1,064,803</u>
Ending net assets	<u><u>\$1,029,460</u></u>

#### Fund Statement Financial Analysis

The governmental fund financial statements (as presented in the balance sheet and the statement of revenues, expenditures, and changes in fund balances found on pages 8 and 9) report a combined fund balance of \$385,808. The difference between the combined fund balance and the net assets is \$643,652, which is net capital assets. Similarly, the difference between the change in fund balances and the change in net assets has to do with the reporting of net assets, both depreciable and nondepreciable, as reported in the reconciliation found on page 10.

### Budgetary Highlights

The budget was amended to prevent overruns in several accounts. Much of the amending was due to increased insurance premiums, increased fuel costs, and unexpected repairs. The actual charges to expenditures, excluding transfers, in total were \$56,816 below the final budget amounts (General Fund - \$32,538, Fire Fund - \$20,074, and Cemetery Fund - \$4,204). Actual revenues, excluding transfers, exceeded budgeted revenue by \$189,018 (General Fund - \$174,964, Fire Fund - \$4,512, and Cemetery Fund - \$9,542), with "property taxes - voted" accounting for about 84% of that difference.

### Capital Assets

The Township had \$643,652 invested in capital assets (net of depreciation and related debt) as of June 30, 2004. Acquisitions for the year were \$185,378 and current year depreciation was \$65,757. Purchases included building improvements, a new fire truck, other fire equipment, an office desk and two chairs, a camera, and a mower. Additional information regarding capital asset activity is included in the notes to the financial statements. Land is the only nondepreciable asset.

The depreciable assets are building and improvements, office/computer equipment (includes software), furniture, and other equipment. Items purchased in prior years are recorded at approximate historical cost. It is the Township's policy to record all items that exceed \$500 and have a useful life beyond one reporting period as capital assets. Additionally, all computer equipment and all furniture purchased, even if less than \$500, are reported as capital assets.

### Future Operations

Revenue is expected to decrease for the fiscal year ending June 30, 2005. This is mostly due to state revenue sharing which is expected to decrease by about \$20,000. Election expenses are expected to increase by about \$5,000 and salaries for elected officials are going to increase by approximately \$2,000.



White Pigeon Township  
Statement of Net Assets  
June 30, 2004

	<u>Primary Government:</u> <u>Governmental Activities</u>	<u>Component Unit:</u> <u>Library</u>
<b>ASSETS</b>		
Current assets:		
Cash	\$211,068	\$16,810
Investments	180,186	266,710
Due from other funds	1,110	0
Total current assets	<u>392,364</u>	<u>283,520</u>
Capital assets:		
Non-depreciable:		
Land	47,480	0
Depreciable (net of depreciation)		
Buildings and improvements	260,807	83,054
Furniture	9,158	9,514
Computer and office equipment	4,435	45,573
Other equipment/Circulation inventory	464,061	216,083
Total capital assets	<u>785,941</u>	<u>354,224</u>
Total assets	1,178,305	637,744
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	2,961	828
Accrued payroll taxes	3,595	1,800
Total current liabilities	<u>6,556</u>	<u>2,628</u>
Non-current liabilities:		
Note payable - firetruck	142,289	0
Total non-current liabilities	<u>142,289</u>	<u>0</u>
Total liabilities	<u>148,845</u>	<u>2,628</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	643,652	354,224
Reserved	9,797	0
Unreserved	376,011	280,892
Total net assets	<u>\$1,029,460</u>	<u>\$635,116.00</u>

See accompanying notes to financial statements.

White Pigeon Township  
Statement of Activities  
For the Year Ended June 30, 2004

<u>FUNCTIONS</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Charges for</u> <u>Services</u>	<u>Net</u> <u>(Expense)</u> <u>Revenue</u>	<u>Change in</u> <u>Net</u> <u>Assets</u>
<b>Primary Government:</b>				
Governmental activities:				
General government	\$180,593	\$3,697	(\$176,896)	
Public safety	134,711	25,008	(109,703)	
Public Works	22,432	0	(22,432)	
Health and welfare	46,529	11,668	(34,861)	
Recreation and culture	8,397	0	(8,397)	
Other	196,643	0	(196,643)	
Community development	7,776	0	(7,776)	
Interest on long-term debt	19,625	0	(19,625)	
Total governmental activities	<u>\$616,706</u>	<u>\$40,373</u>	<u>(\$576,333)</u>	
Net (expense) revenue				(\$576,333)
General revenues:				
Property taxes				125,004
Property taxes - voted				158,652
Penalties and interest on taxes				1,951
Tax collection fees				43,679
State revenue sharing				149,035
Licenses and permits				22,426
Reimbursements				5,008
Interest earned				6,627
Lot sales				9,685
Miscellaneous				18,923
Total general revenues				<u>540,990</u>
Change in net assets				(35,343)
Net assets - beginning				1,064,803
Net assets - ending				<u>\$1,029,460</u>
<b>Component unit</b>				
Library:				
Culture and recreation	\$141,585	\$3,085	(\$138,500)	
Net (expense) revenue				(\$138,500)
General revenues:				
Property taxes				119,963
Penal fines				19,386
State aid				5,337
Interest earned				2,579
Contributions				9,471
Miscellaneous				3,533
Total general revenues				<u>160,269</u>
Change in net assets				21,769
Net assets - beginning				613,347
Net assets - ending				<u>\$635,116</u>

See accompanying notes to financial statements.

White Pigeon Township  
Balance Sheet - Governmental Funds  
June 30, 2004

	General Fund	Fire Fund	Cemetery Fund	Debt Service Fund	Total
<b>ASSETS</b>					
Cash	\$188,348	\$17,854	\$4,866	\$0	\$211,068
Investments	155,168	0	25,018	0	180,186
Due from other funds	1,110	0	0	0	1,110
Amount to be provided for debt repayment	0	0	0	142,289	142,289
Total assets	<u>\$344,626</u>	<u>\$17,854</u>	<u>\$29,884</u>	<u>\$142,289</u>	<u>\$534,653</u>
<b>LIABILITIES</b>					
Accounts payable	\$1,949	\$636	\$376	\$0	\$2,961
Accrued payroll taxes	2,305	900	390	0	3,595
Long-term debt	0	0	0	142,289	142,289
Total liabilities	<u>4,254</u>	<u>1,536</u>	<u>766</u>	<u>142,289</u>	<u>148,845</u>
<b>FUND EQUITY</b>					
Fund balance - unreserved	330,575	16,318	29,118	0	376,011
Fund balance - reserved	9,797	0	0	0	9,797
Total fund equity	<u>340,372</u>	<u>16,318</u>	<u>29,118</u>	<u>0</u>	<u>385,808</u>
Total liabilities and fund equity	<u>\$344,626</u>	<u>\$17,854</u>	<u>\$29,884</u>	<u>\$142,289</u>	<u>\$534,653</u>

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

Total fund balances - governmental	\$385,808
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>643,652</u>
Net assets of governmental activities	<u>\$1,029,460</u>

See accompanying notes to financial statements.

White Pigeon Township  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds  
For the Year Ended June 30, 2004

	General Fund	Fire Fund	Cemetery Fund	Debt Service Fund	Total
<b>REVENUES</b>					
Property taxes	\$125,004	\$0	\$0	\$0	\$125,004
Property taxes - voted	158,652	0	0	0	158,652
Penalties and interest on taxes	1,951	0	0	0	1,951
Tax collection fees	43,679	0	0	0	43,679
State revenue sharing	149,035	0	0	0	149,035
Licenses and permits	22,426	0	0	0	22,426
Charges for services:					0
Fire runs/service fees	0	25,008	0	0	25,008
Grave openings	0	0	9,228	0	9,228
Foundations	0	0	2,440	0	2,440
Miscellaneous	3,697	0	0	0	3,697
Reimbursements	5,008	0	0	0	5,008
Interest earned	6,290	23	314	0	6,627
Cemetery lot sales	0	0	9,685	0	9,685
Miscellaneous	15,242	3,681	0	0	18,923
Total revenues	530,984	28,712	21,667	0	581,363
<b>EXPENDITURES</b>					
General government	172,208	0	0	0	172,208
Public safety	240	77,972	0	0	78,212
Public works	22,432	0	0	0	22,432
Health and welfare	0	0	39,674	0	39,674
Recreation and culture	6,280	0	0	0	6,280
Other	196,643	0	0	27,724	224,367
Community development	7,776	0	0	0	7,776
Capital outlay	7,118	170,674	7,822	0	185,614
Total expenditures	412,697	248,646	47,496	27,724	736,563
Excess (deficiency) of revenues over (under) expenditures	118,287	(219,934)	(25,829)	(27,724)	(155,200)
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	681	257,856	29,519	27,724	315,780
Operating transfers out	(287,375)	(28,405)	0	0	(315,780)
Total other financing sources (uses)	(286,694)	229,451	29,519	27,724	0
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	(168,407)	9,517	3,690	0	(155,200)
FUND BALANCE - beginning	508,779	6,801	25,428	0	541,008
FUND BALANCE - ending	\$340,372	\$16,318	\$29,118	\$0	\$385,808

See accompanying notes to financial statements.

White Pigeon Township  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances - Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2004

Net change in fund balances - total governmental funds	(\$155,200)
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay ((\$185,614) exceeded depreciation expense (\$65,757).	<u>119,857</u>
Change in net assets of governmental activities	<u>(\$35,343)</u>

See accompanying notes to financial statements.

White Pigeon Township Library  
Balance Sheet - Component Unit  
June 30, 2004

ASSETS

Cash	\$16,810
Investments	266,710
Total assets	<u>\$283,520</u>

LIABILITIES

Accounts payable	\$828
Accrued payroll taxes	<u>1,800</u>
Total liabilities	2,628

FUND EQUITY

Fund balance - unreserved	280,892
Total fund equity	<u>280,892</u>

Total liabilities and fund equity	<u>\$283,520</u>
-----------------------------------	------------------

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets

Total fund balance	\$280,892
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>354,224</u>
Net assets of governmental activities	<u>\$635,116</u>

See accompanying notes to financial statements.

White Pigeon Township Library  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - Component Unit  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$113,000	\$113,000	\$119,963	\$6,963
Interest income	3,000	3,000	2,579	(421)
Penal fines	14,000	14,000	19,386	5,386
State aid	3,200	3,200	5,337	2,137
Charges for services	2,000	2,000	3,085	1,085
Contributions/Grants	2,000	2,000	9,471	7,471
Miscellaneous	3,000	3,000	3,533	533
Total revenues	<u>140,200</u>	<u>140,200</u>	<u>163,354</u>	<u>23,154</u>
<b>EXPENDITURES</b>				
Salaries and wages	60,200	60,200	60,211	(11)
Payroll taxes	4,800	4,800	4,606	194
Supplies	6,150	6,150	6,230	(80)
Contractual services	8,200	8,200	8,187	13
Insurance	11,700	11,700	11,073	627
Utilities and telephone	8,600	8,600	8,369	231
Repair and maintenance	9,000	9,000	8,209	791
Membership fees	2,500	2,500	2,847	(347)
Books, magazines, newspapers	11,916	11,916	11,219	697
Miscellaneous	5,132	5,132	4,970	162
Capital outlay	12,002	12,002	11,252	750
Total Expenditures	<u>140,200</u>	<u>140,200</u>	<u>137,173</u>	<u>3,027</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	0	0	26,181	26,181
FUND BALANCE - beginning	<u>254,711</u>	<u>254,711</u>	<u>254,711</u>	<u>0</u>
FUND BALANCE - ending	<u>\$254,711</u>	<u>\$254,711</u>	<u>\$280,892</u>	<u>\$26,181</u>

See accompanying notes to financial statements.

White Pigeon Township Library  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Component Unit to the Statement of Activities  
For the Year Ended June 30, 2004

Net change in fund balances - total governmental funds	\$26,181
Amounts reported for governmental activities in the Statement of Activities are different because of the following:	
Government funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$20,708) was less than depreciation expense (\$25,120).	<u>(4,412)</u>
Change in net assets of governmental activities	<u>\$21,769</u>

See accompanying notes to financial statements.



TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY  
BALANCE SHEET  
JUNE 30, 2004

ASSETS

Current assets:

Cash	\$184,555
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Property, plant, and equipment:

Building, net of accumulated depreciation	<u>981,027</u>
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Total assets	<u>\$1,165,582</u>
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LIABILITIES AND FUND EQUITY

LIABILITIES

Current Liabilities:

Accrued interest	\$10,214
General obligation bonds payable	<u>100,000</u>

Total current liabilities	110,214
---------------------------	---------

Long-term Liabilities:

General obligation bonds payable	<u>620,000</u>
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Total liabilities	730,214
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FUND EQUITY

Invested in capital assets (net of related debt)	<u>435,368</u>
--	----------------

Total liabilities and fund equity	<u>\$1,165,582</u>
-----------------------------------	--------------------

See accompanying notes to financial statements.

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY  
FOR THE YEAR ENDED JUNE 30, 2004

OPERATING EXPENSES

Depreciation	\$26,103
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NONOPERATING REVENUES (EXPENSES)

Rents received	171,673
Interest income	1,008
Interest expense	(45,358)
Other	<u>(1,341)</u>

Total nonoperating revenues (expenses)	<u>125,982</u>
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Net income	99,879
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Fund equity - July 1, 2003	<u>335,489</u>
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Fund equity - June 30, 2004	<u>\$435,368</u>
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See accompanying notes to financial statements.

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004

Cash flows from capital and related  
financing activities:

Principal payment on bonded indebtedness	(\$100,000)
--	-------------

Net cash provided for capital and related financing activities	(100,000)
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Cash flows from investing activities:

Rents received	171,673
Interest earned	1,008
Interest paid	(46,859)
Other costs	(1,341)

Net cash provided for investing activities	124,481
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Net increase in cash	24,481
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Cash at July 1, 2003	160,074
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Cash at June 30, 2004	\$184,555
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See accompanying notes to financial statements.

White Pigeon Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - General Fund  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property taxes	\$128,020	\$128,020	\$125,004	(\$3,016)
Property taxes - voted	0	0	158,652	158,652
Penalties and interest on taxes	1,000	1,000	1,951	951
Tax collection fees	34,000	34,000	43,679	9,679
State revenue sharing	140,000	140,000	149,035	9,035
Licenses and permits	22,000	22,000	22,426	426
Charges for services	1,200	1,200	3,697	2,497
Reimbursements	9,700	9,700	5,008	(4,692)
Interest earned	12,000	12,000	6,290	(5,710)
Miscellaneous	8,100	8,100	15,242	7,142
Total revenues	<u>356,020</u>	<u>356,020</u>	<u>530,984</u>	<u>174,964</u>
<b>EXPENDITURES</b>				
General government	182,485	195,160	172,208	22,952
Public safety	700	700	240	460
Public works	18,350	23,325	22,432	893
Recreation and culture	6,200	6,450	6,280	170
Other	195,700	198,100	196,643	1,457
Community development	12,000	12,000	7,776	4,224
Capital outlay	6,500	9,500	7,118	2,382
Total expenditures	<u>421,935</u>	<u>445,235</u>	<u>412,697</u>	<u>32,538</u>
Excess (deficiency) of revenues over (under) expenditures	(65,915)	(89,215)	118,287	207,502
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	0	228,991	681	(228,310)
Operating transfers out	<u>(283,675)</u>	<u>(311,776)</u>	<u>(287,375)</u>	<u>24,401</u>
Total other financing sources (uses)	<u>(283,675)</u>	<u>(82,785)</u>	<u>(286,694)</u>	<u>(203,909)</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	(349,590)	(172,000)	(168,407)	3,593
FUND BALANCE - beginning	<u>508,779</u>	<u>508,779</u>	<u>508,779</u>	<u>0</u>
FUND BALANCE - ending	<u>\$159,189</u>	<u>\$336,779</u>	<u>\$340,372</u>	<u>\$3,593</u>

See accompanying notes to financial statements.

White Pigeon Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - Fire Fund  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services - fire runs and service fees	\$23,500	\$23,500	\$25,008	\$1,508
Interest earned	500	500	23	(477)
Miscellaneous	200	200	3,681	3,481
Total revenues	<u>24,200</u>	<u>24,200</u>	<u>28,712</u>	<u>4,512</u>
<b>EXPENDITURES</b>				
Wages	20,000	20,000	16,289	3,711
Payroll taxes	1,600	1,600	1,246	354
Supplies	3,500	3,500	2,969	531
Professional fees	500	510	510	0
Telephone	1,400	1,400	1,223	177
Printing and publishing	0	110	109	1
Insurance	26,000	36,000	35,645	355
Utilities	6,000	6,500	5,987	513
Repairs and maintenance	5,000	15,200	13,510	1,690
Capital outlay	182,500	182,900	170,674	12,226
Miscellaneous	1,000	1,000	484	516
Total expenditures	<u>247,500</u>	<u>268,720</u>	<u>248,646</u>	<u>20,074</u>
Excess (deficiency) of revenues over (under) expenditures	(223,300)	(244,520)	(219,934)	24,586
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	250,300	272,201	257,856	(14,345)
Operating transfers out	(9,000)	(28,405)	(28,405)	0
Total other financing sources (uses)	<u>241,300</u>	<u>243,796</u>	<u>229,451</u>	<u>(14,345)</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	18,000	(724)	9,517	10,241
FUND BALANCE - beginning	<u>6,801</u>	<u>6,801</u>	<u>6,801</u>	<u>0</u>
FUND BALANCE - ending	<u>\$24,801</u>	<u>\$6,077</u>	<u>\$16,318</u>	<u>\$10,241</u>

See accompanying notes to financial statements.

White Pigeon Township  
Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Original Budget, Final Budget, and Actual - Cemetery Fund  
For the Year Ended June 30, 2004

	<u>Budgeted Amounts:</u>		Actual Amounts Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Charges for services:				
Foundations	\$1,025	\$1,025	\$2,440	\$1,415
Grave openings	5,000	5,000	9,228	4,228
Lot sales	5,000	5,000	9,685	4,685
Reimbursements	100	100	0	(100)
Interest earned	1,000	1,000	314	(686)
Total revenues	<u>12,125</u>	<u>12,125</u>	<u>21,667</u>	<u>9,542</u>
<b>EXPENDITURES</b>				
Wages	4,000	4,500	4,293	207
Payroll taxes	400	400	328	72
Supplies	2,000	2,600	2,484	116
Professional fees	25,500	25,500	24,500	1,000
Printing and publishing	100	100	17	83
Insurance	3,700	3,800	3,781	19
Utilities	800	800	486	314
Repairs and maintenance	2,500	3,600	2,922	678
Capital outlay	5,500	9,400	7,822	1,578
Miscellaneous	1,000	1,000	863	137
Total expenditures	<u>45,500</u>	<u>51,700</u>	<u>47,496</u>	<u>4,204</u>
Excess (deficiency) of revenues over (under) expenditures	(33,375)	(39,575)	(25,829)	13,746
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	33,375	39,575	29,519	(10,056)
Operating transfers out	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total other financing sources (uses)	<u>33,375</u>	<u>39,575</u>	<u>29,519</u>	<u>(10,056)</u>
Excess (deficiency) of revenues over (under) expenditures and other sources (uses)	0	0	3,690	3,690
FUND BALANCE - beginning	<u>25,428</u>	<u>25,428</u>	<u>25,428</u>	<u>0</u>
FUND BALANCE - ending	<u>\$25,428</u>	<u>\$25,428</u>	<u>\$29,118</u>	<u>\$3,690</u>

See accompanying notes to financial statements.

White Pigeon Township  
Statement of Assets and Liabilities - Agency Fund - Tax Collection Account  
June 30, 2004

ASSETS

Cash	<u>\$1,110</u>
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LIABILITIES

Due to township general fund	<u>\$1,110</u>
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See accompanying notes to financial statements.

White Pigeon Township  
Statement of Changes in Net Assets - Agency Fund - Tax Collection Account  
For the Year Ended June 30, 2004

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
ASSETS				
Cash	<u>\$23,316</u>	<u>\$3,441,297</u>	<u>(\$3,463,503)</u>	<u>\$1,110</u>
LIABILITIES				
Due to township general fund	\$18,301	\$338,182	(\$355,373)	\$1,110
Due to other units	<u>5,015</u>	<u>3,103,114</u>	<u>(3,108,129)</u>	<u>0</u>
Total liabilities	<u>\$23,316</u>	<u>\$3,441,296</u>	<u>(\$3,463,502)</u>	<u>\$1,110</u>

See accompanying notes to financial statements.



White Pigeon Township  
Notes to Financial Statements  
June 30, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The Township of White Pigeon operates under a council form of government. The Township's major operations include cemetery services, fire protection, planning and zoning, and general administrative services.

The Township's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The Township has implemented GASB Statement No. 34, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments*.

This report includes all the funds of the Township. As defined by GASB NO. 14, component units are legally separate entities that are included in the Township's reporting entity because of the significance of their operating or financial relationships with the Township. The criteria established by GASB for determining the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financing relationships. On this basis, the White Pigeon Township Library and the Township of White Pigeon Building Authority are included in White Pigeon Township's entity as component units.

The White Pigeon Township Library is categorized as a governmental fund type and is reported on the government-wide statements in its own column. The primary objective of the Library is to provide and organize printed or recorded materials and to give guidance in their use. The Library is audited by another firm. Complete financial statements of the Library may be obtained by request from White Pigeon Township Library, 102 North Kalamazoo St., White Pigeon, MI 49099.

The Township of White Pigeon Building Authority is categorized as a proprietary fund. The primary objective of the Building Authority, which was formed in October 1999, is to acquire, rehabilitate, improve, furnish, and equip a building to serve as a library, and acquire construct, furnish, and equip a building to serve as a fire station. Complete financial statements of the Building Authority may be obtained from Township of White Pigeon Building Authority, 16975 US 12, White Pigeon, MI 49099.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE STATEMENTS

The Township's basic financial statements include both government-wide and fund financial statements. Both the government-wide and fund financial statements categorize primary activities as either governmental or business. The Township has only governmental activities.

The government-wide Statement of Net Assets reports activities on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in three parts--invested in capital assets, reserved net assets, and unreserved net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the Township's functions. The gross expenses, including depreciation, are reduced by the related program revenues. The functions are also supported by general government revenues.

This government-wide focus is more on the sustainability of the Township as a whole and the change in the Township's net assets resulting from current year activities.

## C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the Township are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures. The following fund types are used by the Township:

### 1. Governmental funds:

**General Fund** - This fund is used to account for resources devoted to financing the general services that the Township provides for its citizens. General tax revenues and other sources of income are used to finance the fundamental operations of the Township are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

**Special Revenue Funds** - These are the Cemetery and Fire Funds. These funds are established to account for the proceeds of specific revenue sources, other than special assessments, expendable trusts, or major capital projects that are legally restricted to expenditures for specified purposes.

**Debt Service Fund** - This fund is used to account for outstanding principal balances and the payment of principal and interest on long-term liabilities.

### 2. Proprietary fund:

The White Pigeon Township Building Authority is this type of fund. Proprietary funds are used to account for and report those activities that are designed to be self-supporting from fees charged to consumers of the funds' goods and services or where the governing body has decided that the periodic determination of revenues, expenses, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Building Authority is considered an internal service fund and is used to account for the financing of the library and fire department buildings, both of which benefit the Township as a whole.

### 3. Fiduciary fund:

The Township's fiduciary fund is the Tax Collection Fund. Fiduciary funds are used to report assets held in a trustee or agency capacity for others. The assets are not available to support Township programs. The reporting focus is on net assets and changes in net assets. The Tax Collection Fund is an agency fund--the Township is acting in a purely custodial capacity for other governmental units. Since these funds are being held for distribution to other local governments and cannot be used to address activities or obligations of the Township, these funds are not accounted for in the government-wide statements.

## D. BASIS OF ACCOUNTING

The term basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to *when* a transaction or event is recognized and reported, regardless of the measurement focus applied. The measurement focus is used to denote *what* is being measured and recorded.

The accrual basis of accounting is used to report transactions in the government-wide financial statements. Revenues are recognized when earned and expenditures are recognized when incurred.

The modified accrual basis of accounting is used by the fund financial statements. Under this basis of accounting, revenues are recorded when they are both measurable and available. "Available" means collectible within the current period or within sixty days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred.

## E. FINANCIAL STATEMENT AMOUNTS

1. "Cash" represents money that is in checking and savings accounts. "Investments" represents money that is held in certificates of deposit and public funds investment trust accounts.

2. Due from other funds represents the Township's portion of the cash remaining in the tax collection account at June 30, 2004.

3. Capital assets reported in the government-wide financial statements are defined as assets with an initial cost of \$500 or more and an estimated useful life in excess of one year. Computer equipment and furniture purchases are always recorded as capital assets, even if the initial cost is less than \$500. The assets are recorded at historical cost or as close to historical cost as could be determined. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. A capital asset inventory was taken prior to implementing the new reporting model. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture	10 years
Office and computer equipment	5 years
Other equipment	10 years

4. Revenues are basically reported for all the governmental funds on the accrual basis, since even the property taxes returned as delinquent to the county are collected during the fiscal year or within sixty days of year end.

The 2003 taxable valuation of the Township totaled approximately \$127,339,975, on which ad valorem taxes levied consisted of the following: .9424 mill for Township operating, 1.25 mills for Township voted, .9449 mill for library, .5 mill for state education tax, 4.5794 mills for county operating, .9526 mill for county roads, .6218 mill for emergency 911, .3318 mill for COA, .2302 mill for intermediate school district, 2.4752 mills for special education, and 2.7453 mills for community college. Non-homestead properties were levied 18.000 mills for local school operating and \$3,675 was collected for special assessments.

5. Expenditures are reported when the related liability is incurred.

The Township has no sick pay or post employment health care benefits. The office coordinator's pay package includes vacation, paid holidays, and personal days for the death of a family member; however there are no unpaid compensated absences at the end of the fiscal year. The treasurer voluntarily contributes to a deferred compensation plan. The Township makes a contribution on behalf of the office coordinator.

#### F. RESTRICTED FUND BALANCES

The restricted fund balance in the general fund represents money that is held in a separate account and is to be used for a road improvement project.

#### NOTE II - COMPLIANCE AND ACCOUNTABILITY

Budgetary considerations - A budget for the general fund is required by state law. The budget for the year ended June 30, 2004 was proposed and adopted at a special meeting in June of 2003. The budget was amended in several areas to prevent overruns in various accounts. There were no excess expenditures for the year ended June 30, 2004.

#### NOTE III - ASSETS

##### A. CASH AND INVESTMENTS

The deposits of the Township are in seven financial institutions in the name of the Township. All deposits are in accordance with statutory authority. The bank deposits are categorized below to give an indication of the risk assumed by the Township. All outstanding items cleared in the subsequent month.

\* Category 1 includes insured or collateralized deposits with securities held by the Township or its agent in the Township's name.

\* Category 2 includes collateralized deposits with securities held by the pledging financial institution's trust department or agent in the Township's name.

\* Category 3 includes uninsured and uncollateralized deposits. This includes any bank balance that is collateralized with securities held by the pledging institution, or by its trust department, but not in the Township's name.

Category	Insured	Uninsured
1	\$301,440	\$18,810
2	0	71,004
Totals	<u>\$301,440</u>	<u>\$89,814</u>

#### C. CHANGE IN CAPITAL ASSETS

Primary Government:

Current year depreciation expense was \$65,757. Changes in capital assets were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable assets:				
Land	\$47,480	\$0	\$0	\$47,480
Depreciable assets:				
Buildings and improvements	283,568	11,002	0	294,570
Furniture	14,162	215	0	14,377
Office/Computer equipment	22,551	1,857	0	24,408
Other equipment	579,803	172,304	0	752,107
Total depreciable assets	<u>900,084</u>	<u>185,378</u>	<u>0</u>	<u>1,085,462</u>
Less accumulated depreciation:				
Buildings and improvements	26,131	7,632	0	33,763
Furniture	3,791	1,428	0	5,219
Office/Computer equipment	17,989	1,984	0	19,973
Other equipment	233,333	54,713	0	288,046
Total accumulated depreciation	<u>281,244</u>	<u>65,757</u>	<u>0</u>	<u>347,001</u>
Net depreciable assets	<u>618,840</u>	<u>119,621</u>	<u>0</u>	<u>738,461</u>
Net total capital assets	<u>\$666,320</u>	<u>\$119,621</u>	<u>\$0</u>	<u>\$785,941</u>

#### IV. LONG-TERM DEBT

On June 13, 2000 the Township entered into an agreement with Sturgis Bank and Trust Company to borrow \$215,000 toward the purchase of a new fire truck.

The note is payable over a 120 month period, with payments of \$2,310.30, and interest at 5.280%.

A summary of the remaining payments due on the note is as follows:

Year Ended June 30,	Principal Payment	Interest Payment	Total Payment
2005	20,702.56	7,021.04	27,723.60
2006	21,823.22	5,900.38	27,723.60
2007	23,004.53	4,719.07	27,723.60
2008	24,249.81	3,473.79	27,723.60
2009	25,562.47	2,161.13	27,723.60
2010	26,946.21	777.39	27,723.60
	<u>142,288.80</u>	<u>24,052.80</u>	<u>166,341.60</u>

#### V. LEASE OBLIGATIONS

The Township is obligated under a contract for lease accounted for as operating lease. The lease is between the Township and the Building Authority. The Building Authority is considered a component unit of the Township, therefore, the results of the lease agreement are not reflected in the Township's account groups.

The leased property is the building which houses the fire station and the major improvements to the building which serves as the library. The Township pays as rent to the Building Authority all sums necessary to retire the principal of and interest on its bonds, together with some of the cost of operating and maintaining the facilities.

Under the contract for lease the Township's required payments to the Building Authority will be unlimited tax full faith and credit general obligations payable from any available funds of the Township, and the Township will be required to levy ad valorem taxes on all taxable property within its boundaries, to the extent necessary to make the payments required to retire the bonds and interest thereon, if other funds for that purpose are not available.

The outstanding bond repayment schedule is as follows:

Year	Principal	Interest	Total Cost
2005	100,000.00	40,857.50	140,857.50
2006	100,000.00	34,857.50	134,857.50
2007	100,000.00	29,107.50	129,107.50
2008	125,000.00	23,607.50	148,607.50
2009	145,000.00	16,670.00	161,670.00
2010	150,000.00	8,550.00	158,550.00

#### NOTE VI - INSURANCE RISK

The Township's insurance for worker's compensation, general liability and property loss, and fleet insurance is carried by an insurance company. The Township is not self-insured other than for minimal deductibles. No known material claims are outstanding.

White Pigeon Township  
Statement of Operating Expenditures - General Fund  
For the Year Ended June 30, 2004

<u>Governing body</u>	
Wages	\$33,169
Supplies	3,995
Postage	731
Legal fees	3,539
Audit fees	1,800
Professional and contractual	3,595
Professional fees - inspectors	19,063
Mileage	143
Printing and publishing	464
Repairs and maintenance	3,492
Miscellaneous	6,601
Total governing body	<u>76,592</u>
<u>Supervisor</u>	
Wages	10,000
Supplies	61
Professional and contractual	50
Miscellaneous	416
Total supervisor	<u>10,527</u>
<u>Clerk</u>	
Wages	16,652
Mileage	82
Miscellaneous	50
Total clerk	<u>16,784</u>
<u>Treasurer</u>	
Wages	18,646
Postage	1,544
Professional and contractual	9,436
Mileage	102
Printing and publishing	71
Total treasurer	<u>29,799</u>
<u>Elections</u>	
Supplies	117
Postage	213
Total elections	<u>330</u>
<u>Planning and zoning</u>	
Wages	6,005
Postage	216
Printing and publishing	598
Total planning and zoning	<u>6,819</u>
<u>Library</u>	
Wages	1,450
Insurance	1,330
Total library	<u>2,780</u>

See accompanying notes to financial statements.

White Pigeon Township  
Statement of Operating Expenditures - General Fund - Continued  
For the Year Ended June 30, 2004

<u>Assessor</u>	
Wages	20,000
Supplies	1,910
Printing and publishing	2,488
Total assessor	<u>24,398</u>
 <u>Building and grounds</u>	
Supplies	520
Telephone	1,433
Utilities	5,881
Repairs and maintenance	5,944
Capital outlay	7,118
Total building and grounds	<u>20,896</u>
 <u>Community planning</u>	7,776
 <u>Fire board</u>	240
 <u>Parks and recreation</u>	3,500
 <u>Other</u>	
Payroll tax expense	7,578
Insurance	13,964
Trailer park tax due to county	3,428
Rents	171,673
Total other	<u>196,643</u>
 Total operating expenditures	 <u>\$412,697</u>

See accompanying notes to financial statements.

TOWNSHIP OF WHITE PIGEON BUILDING AUTHORITY  
STATEMENT OF BONDED INDEBTEDNESS  
FOR THE YEAR ENDED JUNE 30, 2004

Designation of bond:	Building Authority Bonds, Series 2000
Dated:	April 01, 2000
Amount:	\$995,000
Less amounts paid in prior years	175,000
Less amount paid in current year	<u>100,000</u>
Balance outstanding at June 30, 2004	<u>\$720,000</u>

The Bonds shall be fully-registered general obligation bonds of the denomination of five thousand (\$5,000) each or multiples thereof up to the amount of a single maturity, numbered in order of transfer upwards, and payable serially, on April 1 of each year, the outstanding balances are payable as follows:

<u>Year</u>	<u>Amount</u>
2005	100,000
2006	100,000
2007	100,000
2008	125,000
2009	145,000
2010	150,000

Interest is payable semi-annually on the first day of April and October each year at the following rates:

<u>Year</u>	<u>Rate</u>
2004	6.00%
2005	6.00%
2006	5.75%
2007	5.50%
2008	5.50%
2009	5.60%
2010	5.70%

Bonds of this issue are not subject to redemption prior to maturity.



To the Board  
White Pigeon Township  
St. Joseph County, Michigan

We are writing this letter in conjunction with the audit of the financial records for the Township of White Pigeon. We have audited the general purpose financial statements of the Township of White Pigeon, St. Joseph County, Michigan, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 27, 2004. We conducted our audit in accordance with generally accepted auditing standards. We will forward to the State of Michigan their required copies of the report.

There were no instances of actual expenditures exceeding budgeted amounts. Keeping separate file folders for each of the cash accounts, the way Lois is filing the paid invoices, and stapling the deposit slips to the receipt vouchers was very helpful in tracing transactions.

I would recommend that expenditures for capital outlay that do not need to be set up a capital assets (according to the new reporting model) be expensed as supplies.

Thank you for your cooperation during the course of the audit. Please call at any time if you have questions.

*Shirley J. Jones*  
Jones' CPA Office

Constantine, Michigan  
October 27, 2004